



Department of Justice

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JUSTICE DEPARTMENT REQUIRES CBS TO SELL SEVEN RADIO STATIONS AS PART OF AMERICAN RADIO SYSTEMS ACQUISITION

Washington, D.C. -- The Department of Justice reached a settlement today with CBS Corporation allowing the company to go forward with its \$1.6 billion acquisition of American Radio Systems Corporation. As part of the settlement, CBS must divest seven radio stations -- four in Boston, two in St. Louis, and one in Baltimore.

The Department's Antitrust Division said that the transaction, as originally proposed, would have given CBS substantial market power in Boston, St. Louis, and Baltimore, and CBS would have had the ability to raise prices to advertisers in each of these three cities.

"Today's settlement protects national and local advertisers from having to pay higher prices for radio advertising in Boston, St. Louis, and Baltimore," said Joel I. Klein, Assistant Attorney General in charge of the Department's Antitrust Division. "As the radio industry continues to consolidate in the wake of the Telecommunications Act of 1996, we will continue to seek relief where radio mergers harm the competition that helped make radio an effective and affordable way to advertise."

According to the complaint, which was filed in U.S. District Court in the District of Columbia, the acquisition would likely

have caused higher prices for advertising on radio stations in Boston, St. Louis and Baltimore. The complaint also stated that the deal would have resulted in CBS having 59% of Boston's radio advertising revenues and control of three of the city's top five radio stations. In St. Louis, the deal would have given CBS control of four of the top seven radio stations and 49% of radio advertising revenues. In Baltimore, the acquisition would have led to CBS owning ten radio stations and accounting for approximately 46% of the city's radio advertising revenues.

A proposed settlement, filed along with the complaint, requires CBS to divest radio stations WEEI-AM, WAAF-FM, WEGQ-FM and WRKO-AM in Boston. In addition, CBS must sell KSD-FM and KLOU-FM in St. Louis and WOCT-FM in Baltimore. The proposed settlement would reduce significantly CBS's share of advertising revenues in each of the three cities to no more than 40%, and if approved by the court, would resolve the lawsuit.

CBS, a Pennsylvania corporation headquartered in New York City, is the nation's largest operator of radio stations owning 76 radio stations in 17 cities. In 1997, CBS' revenues from its radio stations amounted to over \$1 billion.

ARS, a Delaware corporation headquartered in Boston, owns 85 station in 19 metropolitan areas. In 1997, its revenues from owning radio stations were approximately \$350 million.

Today the Department also filed two radio merger proposed settlements in U.S. District Court in Uniondale, Long Island. Under the first settlement, Chancellor Media Company will agree

to abandon its efforts to acquire SFX Broadcasting Inc.'s four Long Island, New York radio stations. The case was the Department's first contested court challenge to a radio merger. Under the second proposed settlement, Capstar Broadcasting Partners, Inc. could go forward with its \$2.1 billion acquisition of SFX Broadcasting, Inc., so long as it divests eleven radio stations -- four Greenville-Spartanburg, South Carolina, four in Long Island, New York, and one each in Pittsburgh, Pennsylvania, Houston, Texas and Jackson, Mississippi.

Including today's lawsuits, the Department's Antitrust Division has filed eight cases to restructure radio deals since the passage of the Telecommunications Reform Act of 1996. Three additional deals have been restructured or abandoned in the face of the Department's competition concerns without going to court.

As required by the Tunney Act, the proposed consent decree resolving the CBS/ARS lawsuit will be published in the Federal Register, together with the Department's competitive impact statement. Any person may submit written comments concerning the proposed consent decrees during a 60-day comment period to Craig W. Conrath, Chief, Merger Task Force, Antitrust Division, U.S. Department of Justice, Suite 4000, 1401 H Street, N.W., Washington, D.C. 20005, telephone (202) 307-0001.

At the conclusion of the 60-day comment period, the Federal District Court in Washington, D.C. may enter the consent decree upon finding that it serves the public interest.

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